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The Clean Fuels Outlet Regulation

Spurring hydrogen infrastructure to meet the needs of the vehicles

The Clean Fuels Outlet (CFO) Regulation is intended to provide outlets of clean fuel to meet the needs of clean, alternative fuel vehicles. This program was initiated in 1990 and last updated in 2000. As the deployment of hydrogen vehicles increases in California, the need for infrastructure to fuel those vehicles is critical. Therefore, at the December 2009 Hearing of the California Air Resources Board (ARB or Board), staff were directed to pursue a three-pronged approach to spur hydrogen infrastructure. These three prongs included: evaluating financial incentives, evaluating regulatory incentives, and exploring new mandates.

ARB Staff evaluated the first prong, financial incentives for infrastructure investment, and found that these types of incentives are available through Assembly Bill 118 (California Energy Commission's Alternative and Renewable Fuel and Vehicle Technology Program), the American Recovery and Reinvestment Act Federal stimulus funding, and the U.S. Department of Energy tax credit to fuel providers for the cost of installing alternative fueling equipment. In addition, to date, ARB has invested and/or allocated $25 million towards hydrogen vehicles and infrastructure.

The second prong, evaluating regulatory incentives, is being addressed through the Low Carbon Fuels Standard, in that credit for very low carbon fuels such as electricity and hydrogen are being considered.

The third prong, mandating hydrogen through an existing or new regulation , led staff to pursue revisions to the CFO regulation.

The current CFO regulation requires that, once there are 20,000 of one type of designated alternative clean fuel vehicle in California, owner/lessors of gasoline retail outlets must equip their gas stations with that specific clean fuel. The regulation was written under the assumption that alternative fuels, such as natural gas, ethanol, and methanol, were needed in order for vehicles to meet the Low Emission Vehicle standards. Electricity is specifically excluded from the definition of a designated clean fuel because of its non-liquid form and unique distribution and market characteristics that are unlike other fuels under this regulation.

On April 1, 2010, ARB held a public workshop to share ideas on proposed regulatory modifications. These ideas included:

1. Narrowing the definition of "designated clean fuel vehicles" to those that achieve more stringent emission standards (i.e., SULEV or ZEV, 2016 or cleaner fleet average for Green House Gases);
2. Explore adding electricity to the definition of a designated clean fuel;
3. Shifting the compliance burden from owner/lessors of gasoline retail outlets to "producers and importers of gasoline" as defined in the Low Carbon Fuel Standard;
4. Reducing the number of designated clean fuel vehicles needed to activate the regulation;
5. Introducing language that would ensure that clean fuel outlets are correctly sized and placed in the regions where auto manufacturers commit to placing designated clean fuel vehicles; and
6. Providing incentives for early station development by lessening that entity's compliance burden once the regulation is activated.

ARB staff plans to hold additional public workshops in the summer and fall of 2010, and the proposed regulatory changes will be presented to the Board for consideration in December 2010.

For More Information

Please visit: http://www.arb.ca.gov/fuels/altfuels/cf-outlets/cf-outlets.htm for more information and to join the

Clean Fuels Outlet listserve, or contact Leslie Goodbody at (916) 323-2961/ lgoodbod@arb.ca.gov or Gerhard Achtelik at (916) 323-8973/ gachteli@arb.ca.gov.

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